



12 Challenges for 2012

Here at the FSS Program, we believe in the power of setting and accomplishing goals. That's why we've developed the **12 Challenges for 2012!** Each month, we will send you a new challenge to overcome. Last month was "Clean Slate Month" and we received some great feedback from participants who were updating and creating new goals. As you accomplish your goals in February, we invite you to share your success! Simply hit reply to this email to tell us about how you're doing, suggest topics and share resources or tips.

Challenge 2

February is: Financial Freedom Month

Below are events, tips and tricks to assist you in achieving financial freedom in 2012.

Upcoming Events

America Saves Week!

February 19-26, 2012

Have you always wanted to save money but found it difficult to start? America Saves Week can help! This free service provides tips, tricks and success stories to provide the motivation we all need to get started! Check out their website for more details at:

www.americasavesweek.org

County Hosts Free Tax Preparation Services

HHSA, has partnered with the United Way, and other organizations in San Diego, to assist low income families with filing taxes electronically at about 80 locations throughout the region. The free service runs from January 27th to April 18th. Call 2-1-1 today to make an appointment at a location near you!

Tips and Tricks

Earned Income Tax Credit Can Put Money in Your Pocket

You could be eligible to get more money back from the IRS - as much as \$5,751. If you earned less than \$49,078 from wages, self-employment, or farming last year, you may qualify for the [Earned Income Tax Credit](#) - or EITC.

EITC is a financial boost for working people in a recovering economy. You may be among the millions who will qualify for the first time because your financial, marital or parental status changed in 2011. Eligibility is based on [several factors](#), including the amount of earned and other types of income, or combined income if married, whether you have qualifying children and how many. Workers without children may also qualify. Four of five eligible people claim and get their EITC. Use IRS's online [EITC Assistant](#) to see if you qualify. If so, you must file and claim the credit to get it.

Free help is available at volunteer income tax assistance sites. Locate a volunteer site by calling 2-1-1 or call the IRS at 1-800-906-9887. EITC. You earned it; now file, claim it and get it!

Financial Freedom Recipe

Ingredients:

- 1 Minimum Payment
- 1 Extra Payment

Directions:

Continue to pay all of the minimum monthly payments on all of your debts with the exception of the debt with the lowest balance. For that one, pay twice as much (or if you can, three times as much) as the minimum payment. Once that debt is paid off, work on the next highest balance until it is paid off. Repeat until all of your debts are gone.

When all of the debts have been paid off, celebrate by serving up a slice of Financial Freedom!

Courtesy of American Saver Magazine, Fall 2011

Q. Why does the Financial Freedom Recipe featured above work?

A. Let's say someone has \$1000 in credit card debt, a minimum monthly payment of 2% and a penalty interest rate of 24%. We've picked these seemingly random numbers, because they're actually pretty common. If that person pays only the minimum payment every month, they will **never** pay off the debt because all of the payments will only cover the interest building on the loan. To pay off the debt, they would need to pay **at least two times** the monthly payment to start paying both amount they borrowed (the principle) and the interest that stacks up every month.

Calculations courtesy of www.AmericaSavesWeek.org
